

SEMO COMMUNICATIONS

107 SEMO Lane, P.O. Box C, Sikeston, MO 63801



August 22, 2016

Chairman Tom Wheeler
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Commissioner Ajit Pai
Commissioner Jessica Rosenworcel
Federal Communications Commission
445 12th Street SW
Washington DC, 20554

Dear Chairman Wheeler and Commissioners Clyburn, O'Rielly, Pai, and Rosenworcel:

I am writing on behalf of SEMO Communications, Inc., a small multichannel video programming distributor (MVPD) providing digital service in Missouri, about the Federal Communications Commission's (Commission) Navigation Device proceeding (MB Docket No. 16-42/CS Docket No. 97-80). We are a small communications company, providing cable, high-speed internet, and telephone services in Southeast Missouri. We serve approximately 1,400 video customers in small communities served via fiber connection from our master headend. We are troubled by the Commission's proposed rules and other potential substitute rules because, if adopted, the substantial implementation costs would force my company to cease offering video service. Accordingly, we urge you not to apply new rules to smaller MVPDs.

Like other smaller MVPDs, SEMO Communications, Inc. faces major challenges in our pay-TV business. Programmers are demanding significant and growing fees and increasing carriage of "unwanted" networks. Our customers have more video choices both from much larger, traditional pay-TV providers and from over-the-top video sources, which often provide comparable services at lower costs. As a result, our margins are slim and continue to erode. Yet despite our troubles, our customers appreciate receiving video service from us because our offerings and customer service meets their needs. For instance, we continue to offer some of our programming in an unencrypted format that allows our customers to subscribe to service that does not require the leasing of a set top box. We also offer triple play bundle discounts, superior customer service, and do not have commitment terms, as many other companies do. Given this daunting business environment, our company cannot afford the additional regulatory costs of the proposed Navigation Device rules, estimated to be at least \$1 million per system, or any other proposals that require such substantial costs. Simply put, we could not offset or otherwise tolerate these costs even if we diverted our limited capital spending and spent our cash reserves. And, raising customer

prices significantly is out of the question. Should the Commission mandate that small providers spend this much money to comply with such rules, we would be forced to cease offering video service. This outcome is certain, even if the deadline for compliance is delayed, because any solutions that the industry will, if ever, develop for smaller MVPDs are still going to be unaffordable for a company of our size.

On behalf of our customers and our employees, we urge the Commission not to apply any new Navigation Device requirements to smaller MVPDs. Forcing our company to cease offering video service does not advance the asserted purpose of the proposed rules – to promote innovation and lower consumer prices. Instead, it eliminates a local service option for consumers, and it means the loss of jobs and tax and fee revenues for our community, among other harms.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tyrone Garrett", written in a cursive style.

Tyrone Garrett
President

Cc: The Honorable Roy Blunt
United States Senate
260 Russell Senate Office Building
Washington, D.C. 20510-2508

Senator Claire McCaskill
Hart Senate Office Building, Ste. 506
Washington, D.C. 20510

Congressman Jason Smith
1118 Longworth House Office Building
Washington, D.C. 20510

TG;lia